

## **An Analytical Study on the Influence of Talent Management on Employee Engagement and Employee Retention**

**Dr. Harish. M**

Assistant Professor Dept. of Business Administration, Faculty of Management  
SRMIST Ramapuram, Chennai

**Dr. R. Dhanya**

Assistant Professor, Dept. of Management, Guru Nanak College (Autonomous), Chennai

**Dr. Thandauthapani. A**

Assistant Professor, Faculty of Management, SRMIST Ramapuram, Chennai

### **ABSTRACT**

**Background of the study:** The rationale of this quantitative research was to corroborate that talent management bolster employee engagement assisting the organization in employee retention. The concept of employee engagement embraces all the dimensions of human resources development. But, when it comes to talent management, engagement strategies alone do not work. To engage a talented employee and to retain is the core thrust of the organization and to find that tactics is the aim of this research.

**Methodology:** A quantitative descriptive, non probability sampling research design was applied for this study. To attain the objective of the research questionnaire was prepared based on various dimensions like professional relationship, job satisfaction, reward management and the like. After validating the questionnaire for its reliability, 122 respondents were selected from various corporate sectors in Chennai City Corporation. Convenience sampling method was employed to collect data for the purpose of analysis. Data measurement uses a Likert scale. SPSS (Statistical Package for Social Science) version 20.0 and MS Excel were used to interpret data. Descriptive statistics like path coefficient original test, cross tabs, factor analysis, chi-square test, total variance, rotated component matrix, cross tabulation were used for analysis. Two step cluster model and nearest neighbor analysis were drawn on to represent the reliance of variable.

**Result/Findings:** The study demarcated a dominant association between talent management and the employee engagement and employee retention. The results show that talent management has a contribution towards employee engagement and employee retention. The effect of employee engagement on employee retention could be apprehended if talent management strategies are tuned up according to the need of the hour.

**Conclusion:** Talent management by itself is an approach to attract and motivate proficient and expert employees. By identifying the skill gap and curbing it through skill transformation by applying training, learning and development will not only augment a strong talented workforce but also help in retaining them in the organization.

**Keywords:** *Talent Management, Employee Engagement, Employee Retention, Recruitment, Training*

### **1. INTRODUCTION**

Human resources are termed as “Capital assets” as they play a pivotal role for companies to sustain the competition in today’s dynamic market environment. Human resource management is bestowed with an invincible task of sustaining the competent human resources. Hence, the former was coined as “Human resource development”. Employee retention is a means to retain the employees in the organization so as to achieve to achieve the organization goals (Sukmadewi & Dewi, 2020). Credited as first person to write about “Employee Engagement” William A. Kahn identified engagement as a personal connect by employees where they associate themselves with organization and their work physically and emotionally. The business trend has drastically changed wherein organizations are attempting to raise their performance to face the stiff competition. Human resource professionals find it difficult to retain the employees particularly the talented heads. Every organization tries to retain its employees and increase their performance so as to meet the tough competition. In order to retain the employees every organization lays down strategy to satisfy them in various parameters.

This improves their engagement level. Engaging an employee at his work is to make him/her feel comfortable to unleash their potentials for the betterment of the organization. It is evidently proved that there is a strong bond between employee engagement and profitability. This is also declared in Masrifan's research, (2022) that employee engagement stimulate employee retention.

Organizations keeps experimenting the ways and means to enhance employee engagement to increase productivity to enhance its reputation (Simon L. Albrech, 2011). On the other side of human resource development is managing employee talent. Apart from engaging employees, hiring right talent and retaining them induces the expansion of any organization. To uphold its supremacy and sustain the rivalries organizations are advocated to manage and retain its talent workforce. According to Ekhsan & Taopik, (2020), talent management involves sequence of systematic activities to locate and nurture the employee's talent. It was also declared in one of their research that talent management may not necessarily influence employee engagement.

'Talent' can be described as skill, aptitude or dexterity in accomplishing an assignment, while, 'talent management' refers to identification and retention of employees for the interest of the organization. According to Ekhsan & Taopik (2020), talent management is a sequence of dynamic and systematic activities to find and develop employee talent. Hassan and Azan's research (2022) states that talent management influences employee retention. It is considered as the best way in attempting to obtain commitment and effort from the employees leading to increase in the level of productivity of the organization. The terms 'Job description' and 'Staffing' plays a greater role here, as the organization has to clearly define the duties and responsibilities of employees and then place them rightly to materialize its goals. It is assumed that, when any individual joins the organization, the foremost responsibility for the HR is to engage him or her in the task in such a way that individual goal synchronizes with the organizational goals.

## **2. LITERATURE REVIEW**

Talent management is described as a sequence of strategies involved to handle employees who have potential and use them productively for the betterment of the organisation. (Tri Saputra et al., 2020). According to Yuli Angliawati (2020) talent management is a process of handling and developing efficient employees to achieve success and to cut a competitive edge with other companies. According to Ali Chitsaz Isfahani, Hamid Reza Bpustani (2014) a detailed succession plan will aid in retaining talented employees. Furthermore, experienced workforce will be able handle the given task better and prepare themselves for new task. This can expedite knowledge development. Adding to the above, catering to the required skill if training needs are met out the productivity of the organization will enhance. If learning culture can allow exercising coaching the skill set of employees can be augmented. Besides, mentoring and leadership are readily available strategies to pool talents and manage them in an easier way. This will in turn, lead to better career management and attract the best talents in the industry.

Employee engagement is referred as the intensity of commitment and belonging an employee displays at his work and with the organization. It describes the extent to which an employee values the ethics and beliefs of the organisation. An engaged employee display a constructive outlook towards the organization. According to (Nancy R. Lockwood, 2007) studies higher level of engagement at work leads to higher level of talent retention, thereby, improving organizational performance and stakeholder significance. According to Alkasim (2019) employee engagement is an affirmative philosophy of employees towards their work and organization. According to Schaufeli, W.B (2013) employee engagement is the enthusiasm that an employee demonstrates at work and in completion of the same with fullest energy. It also touches upon the dedication level of the employees at work. The more the employee is engrossed at work the high is his/her engagement level. It was also said (Susan Cartwright and Nicola Holmes, 2006) that if organization has demanded more from its workforce leaving with a meager return, chance are more where employee pessimism and distrust may increase.

Employee retention is an attempt made by organization to hold on its workforce particularly the talented heads (Srimulyani, 2020). According to Urbani (2023) employee retention is a challenge for any organization to maintain its competent human resources by offering monetary or non monetary benefits. According to Ali Chitsaz Isfahani, HamidReza Bpustani (2014) making the work interesting by job enrichment or challenges will create curiosity among its employees. Here again, career growth and learning play a pivotal role in determining the retention level.

### **3. RESEARCH METHODOLOGY**

#### **Materials and Methods:**

Questionnaire was used as survey material to collect the required details from the respondents as a means of exploratory research. The questionnaire hence structured contains demographic evaluation and feature to gauge using Likert point scale. Convenience sampling as used to collect the data from 122 employees from corporate sector in Chennai city. SPSS 20.0 and Microsoft Excel 2013 were used to interpret the data collected and analyze the extent of dependency of dimensions and to obtain the conclusions. Descriptive statistics like path coefficient original test, cross tabs, factor analysis, chi-square test, total variance, rotated component matrix, cross tabulation were used to analyze the data. Two step cluster model and nearest neighbor analysis were used to represent the dependency of variable using diagram.

### **4. RESULTS**

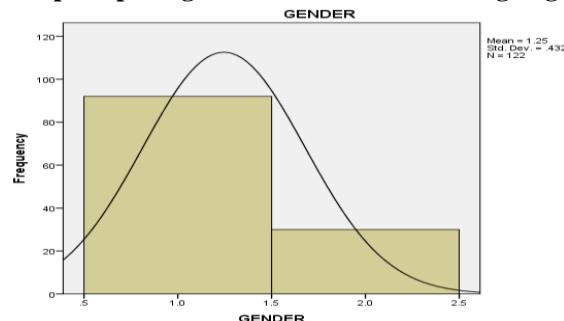
**Table 1: Description of the sample division based on gender and experience**

Dimension	Factor Classification	No. of Respondents	Std deviation	Mean
Gender	Male	92	.432	1.25
	Female	30		
Experience	Less Than 5 Years	84	.465	1.31
	More Than 5 Years	38		

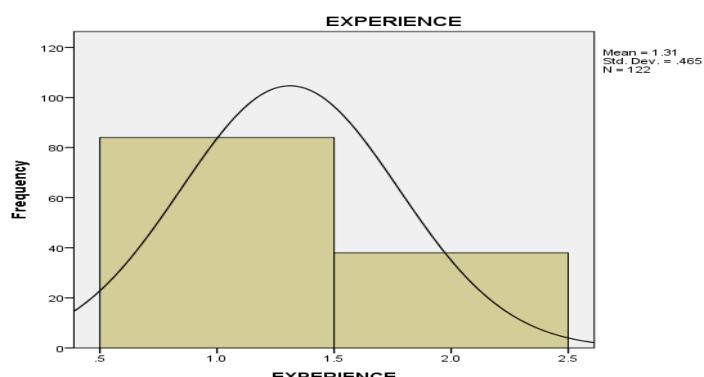
**Source: Primary data**

It is clear from the above table that 92 out of 122 respondents are male and the remaining is female category. Experience level here is classified into two classes so that talents and talent management activities and its influence can be easily measured. In this case most of the respondents are from the group where their experience is less than 5 years. The same is depicted in form of graph below, which shows the distribution pattern of gender and experience level of the respondents.

**Figure 1: Graph depicting the classification according to gender wise**



**Figure 2: Graph portraying the classification according to experience**



**Table 2: Path Coefficient Original test**

	Original Sample	Sample Average	Standard Deviation	T-Statistic	P Values
EE -> ER	0.012	0.028	0.134	0.097	0.923
EE -> KK	0.452	0.454	0.092	4.021	0.000
KK -> ER	0.430	0.410	0.111	4.761	0.000
TM -> ER	0.394	0.394	0.111	3.561	0.000
TM -> KK	0.417	0.421	0.093	5.482	0.000

The path coefficient test demonstrates the outcome that only the variable representing talent management has a contribution to employee retention, as, the T Statistic value of 3.561 is more than 1.96 and P Values of 0.000 is less than 0.05. Meanwhile, employee engagement has less impact comparatively on employee retention, since the T Statistic value 0.097 is below 1.96 and the P Value is 0.923 dominating the required value of 0.05. Factor analysis was used to analyze the factor that has a large impact on employee retention in corporate sector. Graph 3 indicates the number of factors extracted by factor analysis. It is evident from the graph that the first three components have Eigen values and they can supplement the explanation about the employee engagement and employee retention.

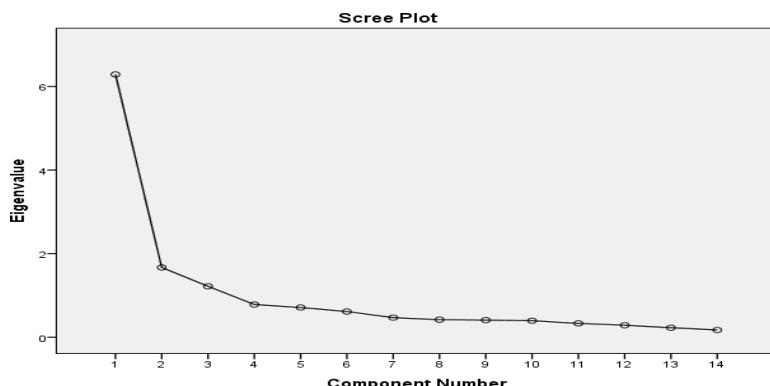
**Figure 3: Screen plot of factor analysis**

Table 3 below hints that 64.5% of the variance in employee engagement and retention is explained by the three factors extracted. This provides an understanding if the employees are engaged using the component specifics in the research were talent management plays a key role.

**Table 3: Total Variance**

Com pone nt	Initial Eigen Values			Extraction Sums Of Squared Loadings			Rotation Sums Of Squared Loadings		
	Total	% of varian ce	Cumulat ive	Total	% of varian ce	Cumul ative	Total	% of variance	Cumulat ive
1	6.276	45.896	45.896	6.276	45.896	45.896	4.001	28.577	28.577
2	1.659	11.935	56.809	1.659	11.935	56.809	2.948	20.132	47.912
3	1.228	8.711	64.55	1.228	8.711	64.55	2.213	14.808	64.55
4	0.673	4.696	70.105						
5	0.623	5.078	75.195						
6	0.615	3.498	80.588						
7	0.58	4.335	83.943						
8	0.521	4.061	86.950						

9	0.323	3.23	89.789						
10	0.49	3.334	92.719						
11	0.331	3.326	95.075						
12	0.285	2.052	97.126						
13	0.231	2.633	98.756						
14	0.172	1.238	100						
Extraction Method Principle Component Analysis									

Table 4: Rotated compound matrix

Indicators	Component		
	1	2	3
Organization's goals aligns with my goals	0.184	0.265	0.779
Support from teamwork is appreciative	0.456	0.054	0.561
My organisation is a great place to work	0.439	0.411	0.627
Organization understands our training needs	0.786	0.156	0.358
My work is recognized	0.852	0.072	0.271
There is a clarity with reference to any communication	0.826	0.196	0.153
WLB is maintained	0.278	0.741	0.172
There are career growth and advancement	0.504	0.582	0.067
Policies and procedures are clearly defined	0.074	0.655	0.232

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 6 iterations.

Figure 4: Two step cluster model

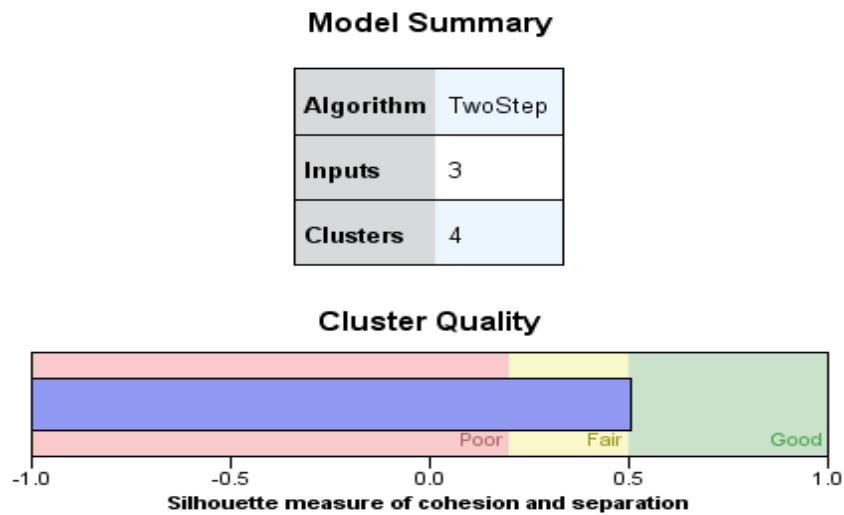


Figure 4 gives the three factors identified, that is, talent management, employee retention along with the employee engagement. The variables under each of the factors are listed separately in table 4 in form of statement. Each of the statements defines the opinion of the employee to measure the impact of talent management on employee engagement and retention.

Table 5: Cross tabulation

COMPONENTS		EXPERIENCE		Total
		above 5 years	below 5 years	
ER	D	0	6	6
	N	16	12	28
	A	39	20	59
	SA	29	0	29
EE	D	0	6	6
	N	10	31	41
	A	41	1	42
	SA	33	0	33
TM	D	6	0	6
	N	10	9	19
	A	29	10	39
	SA	39	19	58

Table above noticeably indicate the relationship among the components in comparison with the experience level of the employees. In case of employee retention, maximum of 59% respondents seem to agree with the strategies adopted by the company and when it comes to employee engagement it is 42% and 58% of them strongly agree in case of talent management strategies. This is visibly represented in the diagram below. The plots and focus evidently state that there exists a relationship among the said components though gaps are identified, that is discussed in the later part of the research.

Figure 5: Nearest Neighbor Analysis

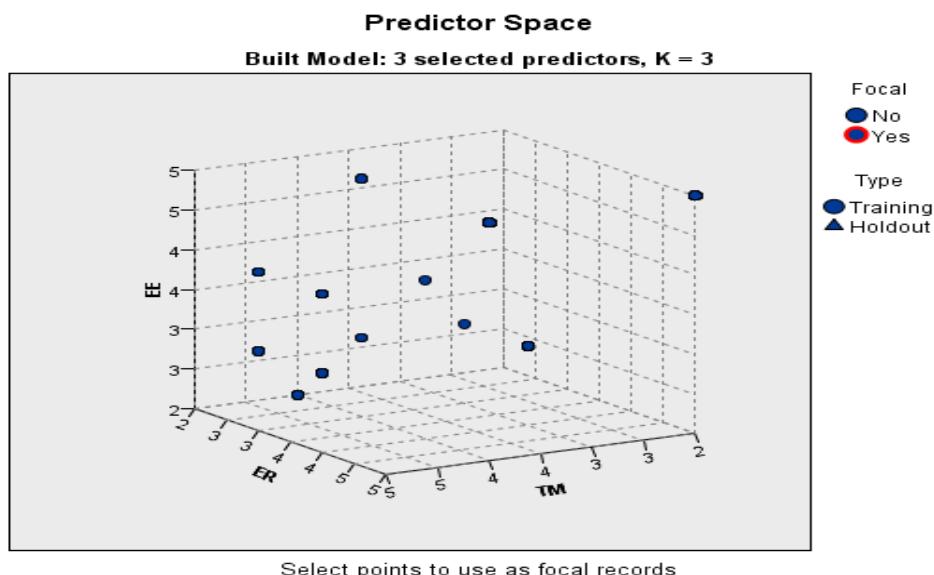


Table 6: Chi-Square test

COMPONENT	ER * TM			EE * TM			
	Description	Value	df	Asymp. Sig. (2-sided)	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	100.222 <sup>a</sup>	9		.000	140.645 <sup>a</sup>	9	.000
Likelihood Ratio	122.252	9		.000	154.970	9	.000

Linear-by-Linear Association	8.104	1	.004	.771	1	.380
N of Valid Cases	122			122		
a. 9 cells (56.2%) have expected count less than 5. The minimum expected count is .30.				a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .30.		

The table 6 above is in a combined form for making a better evaluation. It is apparent that the p-value is less than .05 and null hypothesis stating that “there is no correlation between talent management with employee engagement and employee retention” is rejected. The above chi square test affirms that, there is a significance dependency among the factors.

## 5. CONCLUSION

Talent management is one of the crucial spheres which every organization has to pitch in, intending to retain its talented employees. The strategies adopted for the same is dynamic depending upon the demand of the situation and attitude of the workforce. When it comes to retaining the employees, engagement strategies play a dominant role than monetary benefits. Here is where talent management takes an upper hand, as employees are concerned more with their career growth and employment authority. The analysis and interpretation of this research paper is also in tune with the above statement and testifies the same point mentioned in the abstract column of this research paper. It could be concluded from the exploration that, enhanced strategies of talent management in any organization will lead to better employee engagement and retention. Talent management influences employee engagement and employee retention by honing the skill set of the employees and by providing succession plans with proper directions. There were respondents who were neutral to the statement related to interdependence of talent management and employee engagement. If the organization concentrates on such specific areas, chances are more that retention level increases. To fathom better about the requirements of the workforce feedback surveys can be advocated. Inclination of the organization in providing promotion or job rotation/enlargement with innovation and creativity will enhance the quality of work and create a thirst among the talented employees. Adding on, providing a plan of action towards learning and development will be an advantage to retain the talented workforce.

## REFERENCE:

1. Adams J. S. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology*, 2, 267-299.
2. Afolabi, O.A. No date. 'Influence of Organisational Climate and Locus of Control on Job Satisfaction and Turnover Intentions', Ife PyschologIA, No Volume and no Issue: 102-113
3. Athey, R. 2005. 'The Talent Crises: How Prepared are you?', Strategic HR Review, July/August 2005, 4 (5):3
4. Bajpai, N. and Srivastava, D. 2004. 'Sectorial Comparison of Factors Influencing Job Satisfaction in Indian Banking Sector', Singapore Management Review, 26 (2): 89-99
5. Barlow, L. 2006. 'Talent development: the new imperative?', Development and Learning in Organisations, 20 (3): 6-9
6. Barney J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17, 99-120.
7. Beal, B. 2005. 'UPS delivers on home-grown talent', Human Resource Management International Digest, 13 (7): 34-37
8. Becker B. E., Huselid M. A., Beatty R. W. (2009). *The differentiated workforce: Transforming talent into strategic impact*. Brighton, MA: Harvard Business Press.
9. Chami-malaeb R., Garavan T. (2013). Talent and leadership development practices as drivers of intention to stay in Lebanese organisations: The mediating role of affective commitment. *The International Journal of Human Resource Management*, 24, 4046-4062.
10. Clayton, G. 2006. 'Key skills retention and motivation: the war for talent still rages and retention is the high ground', Industrial and Commercial Training, 38 (1): 37-45

11. Clinebell, S. and Shadwick, G. 2005. 'The Importance of Organisational Context on Employees Attitudes: An examination of working in main office versus branch office', *Journal of Leadership & Organisational Studies*, 11(2): 89-100
12. Clutterbuck, D. 2005. 'Establishing and maintaining mentoring relationships: An overview of mentor and mentee competencies', *SA Journal of Human Resource Management*, 3 (3): 2-9
13. Dr. R. Dhanya Innovative and Sustainable Business Practices in Commerce and Management 196 Chapter 32. The effect of emotional intelligence on employee engagement: An analytical study
14. Dr. R. Dhanya. A Study on Employee Effectiveness in IT Sector With Reference To Tamil Nadu, IRJMSI ISSN: 2582-5445(O), Vol. 8, Issue 2, August, 2021
15. Frank, F.D and Taylor, C.R. 2004. 'Talent Management: Trends that will shape the future', *Human Resource Planning*, 27 (1): 33-41
16. Gandossy, R. 2001. '6 Tips for Winning Talent Wars, IOMA's Human Resource Department Management Report, August 2001: 5-6
17. Gandz, J. 2006. 'Talent development: The architecture of a talent pipeline that works', *Ivey Business Journal*, January/February 2006: 1-4
18. Leedy, P.D. and Ormrod, J.E. 2005. *Practical research: planning and design*. 8th Edition. New Jersey: Pearson.
19. Lunn, T. 1995. 'Selecting and developing talent: an alternative approach', *Management Development Review*, 8 (1): 7-10
20. Martin Jnr., T.N. 1979. 'A Contextual Model for Employee Turnover Intentions', *Academy of Management Journal*, 22 (000002): 313 - 324
21. MR Dhanya, RT Prashath - *Journal of the Gujarat Research Society*, 2019. A study on drivers of employee engagement and employee retention in healthcare sector, Tiruchirappalli Corporation
22. Pailé, P. and Rainieri, N. (2015). Linking perceived corporate environmental policies and employees eco-initiatives: The influence of perceived organizational support and psychological contract breach. *Journal of business Research*, 68(11), 2404-2411.
23. Qureshi, M. I., Iftikhar, M., Abbas, S. G., Hassan, U., Khan, K. and Zaman, K. (2013). Relationship between job stress, workload, environment and employees turnover intentions: What we know, what should we know. *World Applied Sciences Journal*, 23(6), 764-770.
24. Ram, P. and Prabhakar, G. V. (2011). The role of employee engagement in work-related outcomes. *Interdisciplinary Journal of Research in Business*, 1(3), 47-61.
25. Richman, A. L., Civian, J. T., Shannon, L. L., Jeffrey Hill, E. and Brennan, R. T. (2008). The relationship of perceived flexibility, supportive work-life policies, and use of formal flexible arrangements and occasional flexibility to employee engagement and expected retention. *Community, Work and Family*, 11(2), 183-197.
26. Waithiegeni Kibui, A. (2015). Effect of talent management on employees retention in kenya's state corporations. Unpublished thesis for Degree of Doctor of Philosophy in Human Resource Management , Jomo Kenyatta University of Agriculture and Technology
27. Yasin, S. and Ali, Z. (2016). Examining the competency mapping interventions impact on enhancing role efficacy. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 6(4), 226-233.
28. Yuvaraj, R. (2011). Competency mapping. *International Journal of Scientific and Engineering Research*, 2(8).
29. Zafar, F., Nawaz, A., Farooqui, A., Abdullah, M. and Yousaf, I. (2014). Employees' retention through corporate social responsibility in large scale organizations. *International Journal of Business and Behavioral Sciences*, 4(1), 1-30.